



Virginia Housing Commission

September 18, 2019, at 10:00 a.m.

The Capitol, House Room 1

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The Virginia Housing Commission (the Commission) met in Richmond with Senator Mamie E. Locke, chair, presiding.¹ The meeting began with introductions and opening remarks followed by presentations and discussion. Materials presented at the meeting are accessible through the [*Commission's meetings web page*](#).

Virginia Demographic and Housing Trends:

Spencer Shanholtz, Weldon Cooper Center for Public Service at the University of Virginia

The population in Virginia is growing (8.5 million in 2018) at a slower rate than a decade ago and will continue to decline for a variety of reasons. As the population ages, there is a need to diversify the housing supply. Shanholtz stated that a mismatch exists between available housing and housing that is needed in the state.

Population in Virginia is projected to keep growing to nearly 10 million by 2040. The growth rate is at 0.8%; that is the lowest growth in population in the state since the 1920s. During the past five years, Virginia grew slower than the United States as a whole.

The change is attributed to out migration (people moving out of the state) and an aging population combined with a drop in births versus deaths. Up to 20,000 people are moving out of Virginia per year.

The population in Virginia is heavily concentrated in Northern Virginia. Northern Virginia has more people than Richmond and the Tidewater area combined.

Homebuilders, as the Commission has discussed in the past, are not able to provide a housing supply that keeps up with housing demand. Weldon Cooper's research says that in order to house Virginia's residents there needs to be more than 40,000 homes built annually. Demand for housing has not been met since 2006, and only 28,000 homes have been built in the last 10 years.

This fact, Shanholtz reported, pushes housing prices upward and makes most housing more expensive and consequently more renters and buyers cost-burdened (spending more than 30% of their income on housing).

The United States census looks at household composition by family type. Their data shows that "individuals living alone" is now the most common household type.

The Commission discussed the population decline in the state. A question arose about the decline in population in Pittsylvania County and if there was a connection with the North American Free Trade Agreement (NAFTA). The answer given was that the area had more deaths than births,

¹ **Members Present:** Senator Mamie E. Locke, Delegate Daniel W. Marshall III, Senator George L. Barker, Delegate David L. Bulova, Delegate Betsy B. Carr, Lawrence Pearson

Members Absent: Delegate Barry D. Knight, Delegate Christopher K. Peace, Senator William M. Stanley, Jr., James Forrest Hayes, Laura Lafayette

fewer working-age individuals, and that after NAFTA the age structure was affected by young people leaving the area.

The conclusion of the discussion was that more multi-family homes need to be built and that optimally a house's purchase price should equal no more than 2.6 years of a person's income; in Northern Virginia the average is now five years and approximately four years in Charlottesville.

Virginia needs to produce more housing units and attract new residents to the state.

Offsite Construction and Virginia's Affordable Housing Stock

Andrew McCoy, Ph.D., Beliveau Professor of Building Construction and Director of the Virginia Center for Housing Research, Virginia Tech

Dr. McCoy spoke on behalf of the Virginia Housing Technology Group (VHTG). Two members of that group, Randy Grumbine, Virginia Manufactured and Modular Housing Association, and Chris Thompson with the Department of Housing and Community Development, were present to answer questions during the meeting as needed.

There are regional differences in housing costs in the Commonwealth. One of the VHTG's goals is to work to leverage technology toward producing affordable housing. They are working to determine what technology will bring local jobs and more housing to areas of the state.

Producing modular and manufactured housing is a proposed solution to add to the housing supply in areas of demand.

The 2017 Housing Policy Advisory Council concluded that in Virginia the housing industry was a major economic factor in the state's economy. However, McCoy stated that 1 in 10 Virginians pay more than 50% of their yearly income for housing costs. Traditionally home ownership was how Virginians built wealth. The last recession hurt the housing economy and now the biggest housing challenge is to make housing more affordable.

Localities allowing for shipping container housing and allowing zoning for accessory dwelling units may produce more affordable housing options.

There is not only a housing demand but a demand to increase factory production to a pre-recession level. High demand for labor and high labor costs have led places such as Danville to use manufactured housing as infill development along their river area.

Building modular housing (must adhere to International Building Code adopted by Virginia) and manufactured housing (must adhere to a Housing and Urban Development (HUD) established building code) was explained by this group as providing the needed jobs and housing to the Commonwealth.

There were many questions concerning the difference between modular and manufactured homes.

Randy Grumbine answered that the big difference is the type of building codes applied to the construction. Manufactured housing follows the HUD-established code. It was created because in the 1950's there was no standard for building manufactured homes. The homes were built as temporary double-wide trailers brought in on wheels and were not well built. Now the manufactured homes are frequently permanent structures. In 1976, HUD established a code to improve their construction.



The HUD code has some more stringent requirements than Virginia's building code and vice-versa. In some ways manufactured homes are better built and in some ways modular homes are built better. The differences lie in the grade of lumber used and other nuanced differences

Financing for manufactured and modular homes differ. In Virginia, and most states, a modular home is financed through a traditional mortgage and the owner pays property taxes on the home. For a manufactured home, it is registered with the Department of Motor Vehicles and is taxed as personal property, not realty. Both types of homes are produced in an efficient, factory environment and are brought to a housing site on a truck chase. Both are less expensive than a stick built home. It is difficult to determine the difference between the housing types when each is affixed to property.

Virginia's way forward, McCoy articulated, is to support workforce housing. Workforce housing is defined as that above 80% of the area's median area income (AMI). A continued focus on providing housing that is close to where jobs are located, using manufacturing housing facilities, and utilizing technology will strengthen the housing industry and the state's economy.

Workgroup Up-Dates

Elizabeth A. Palen

Some topics on the Commission's interim work plan have been resolved and others still require additional meetings and proposed legislation.

The special workgroup on proffers and impact fees had two meetings and concluded that localities want to be responsible for determining their own proffer and impact fee needs. No action will be taken this interim by the Commission on this issue.

The Neighborhood Transitions and Land Use Workgroup is still monitoring the building code to see if legislation regarding trampoline parks is necessary for the 2020 Session.

The Affordable Housing and Real Estate Law Workgroup heard from experts on the formation and existence of karst and its impact on development. Flood hazard areas and deteriorating dams that are located within property owners' associations and homeowner's associations were also discussed, and the workgroup will likely recommend legislation on those topics along with energy audits for the full Commission to consider. The Servicemembers Civil Relief Act and how it meshes with the Virginia Residential Landlord and Tenant Act was also debated. As a follow-up, a subgroup will meet to further study the issue and bring its conclusions to the full Commission. Homelessness and container housing will be the topics on the agenda for the October 29, 2019, Affordable Housing and Real Estate Law Workgroup meeting.

The Common Interest Communities Workgroup has discussed how to incorporate new technology dealing with electric vehicle chargers into the associations.

Public Comment and Next Meeting

There were no comments from the public. The next meeting is scheduled for 10:00 a.m. on December 10, 2019.



For more information, see the [*Commission's website*](#) or contact the Division of Legislative Services staff:

Elizabeth A. Palen, DLS
epalen@dls.virginia.gov
804-698-1875-5

